

**Testimony of
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Committee on International Relations
Subcommittee on Oversight and Investigations
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Good morning. I'd like to start by thanking the Chairman, the Ranking Member, and distinguished members of the Committee for the opportunity to appear before you today to share our Council's views on the nonproliferation and national security benefits of a revived U.S. nuclear industry.

As the Committee is well aware, nuclear power in the United States has been on the decline. As a result, U.S. firms that once dominated the manufacture of nuclear reactors have largely been sold to foreign companies. For example, we now have only two domestically-owned reactor vendors – General Electric and General Atomics – and even those companies would have to rely heavily on foreign sources of materials and components if they were to receive an order for a new plant.

While the U.S. debates its nuclear future (and that debate has turned markedly pro-nuclear), the rest of the world has recognized nuclear energy's benefits and has moved forward aggressively. We see this in France, Japan, Russia and China, and also in places like Indonesia and Brazil. Countries all across the world are looking to expand their use of nuclear energy.

Then of course there are Iran and others whose real purposes would appear to be other than peaceful. So the United States can't flounder in indecision and inaction anymore. The world is going nuclear and we must too or fall sadly, irrevocably behind as the world enters the second nuclear era.

Some would say that all we have to do is start ordering plants again and the U.S. will be back. Becoming a nuclear energy consumer again is good, but that alone doesn't put us back in the game. It matters whether we are in the nuclear business. Nations that are engaged in the nuclear energy business:

- sit at the non-proliferation table;
- can choose to develop less proliferation-prone nuclear systems;
- have the technology to address global climate change;
- have the keys to combating global poverty; and
- hold the catalyst to advances in science and technology.

An excellent example of the nonproliferation benefits of a domestic nuclear industry can be seen in the joint U.S./Russian program to disposition highly enriched uranium from dismantled nuclear warheads. U.S. companies like BWXT and USEC have played a major role in getting this material into the nuclear fuel supply and into U.S. reactors, thus rendering it unusable in a

nuclear weapon. Without a domestic nuclear industry, we would be less able to engage in this and other programs that are helping to meet our global nonproliferation goals.

So the Council contends it is not enough for the U.S. to simply become a producer of electricity using plants designed, constructed, fueled and serviced by foreign suppliers. We need American companies competing in this vital arena.

Because the U.S. has been on the sidelines and its lead in nuclear design, manufacturing, supply and service has been severely eroded, we are free to move beyond existing technologies. Certainly, U.S. companies can and should compete in the market for providing large-scale reactors based on existing technology. But the U.S. is in a unique position to also capture the markets for tomorrow's nuclear technologies.

The proposed Global Nuclear Energy Partnership, or GNEP, could provide just the boost our industry needs in order to develop and market new, advanced, proliferation resistant nuclear energy technologies. For example, one exciting technological opportunity is in right-sized, exportable reactors that can be manufactured in the U.S. and exported to the developing world.

This is not far fetched. Advanced manufacturing borrowed from other industries where the U.S. still holds global leadership will allow the shift from large systems that rely on economies of scale but which must be built on site. Factory production, with its inherent efficiencies, could make nuclear power economic for smaller applications in developing regions. This would feed into a distributed generation approach which fits countries lacking a mature grid and other infrastructure. And by engaging with international partners to establish a guaranteed fuel supply and return system, we can dramatically reduce proliferation risk by eliminating the need for small countries to establish enrichment and reprocessing capabilities.

The U.S. can do this and there are powerful reasons why it should.

It is easy to forget that we live in a world where more than 1½ billion people do not have access to electricity. Without electricity, necessities like health care, education, and jobs suffer.

As we are all too aware, terrorism most often takes root in countries where life is hard and much of the country is blanketed in darkness every night. Of the countries who the State Department says sponsor terrorism, none rank among the top fifty on the UN's list of the most developed countries.

As the world's most powerful and prosperous nation, the U.S. has a unique business opportunity, a chance to solve one of our most vexing national security problems, and some would say a moral obligation to help address the energy challenges facing the developing world. Boosting global access to energy is good for our economy, good for national security, and good for the world. If we want to win the war on terrorism, we must help boost global prosperity, and that requires access to energy. Securing affordable energy supplies for our world while protecting our environment will require greater use of inexpensive, low-emission energy resources such as nuclear.

Restoring a robust domestic nuclear energy industry will also have a positive effect on employment and on our nation's economy. Our Council is presently conducting a study of these economic and employment impacts, but it is safe to say they run in the billions of dollars and tens of thousands of jobs. We plan to complete our study later this year and will be pleased to share the results with the Committee.

With trade in nuclear energy, however, comes the prospect of nuclear weapons proliferation. As the President stated in a speech at the National Defense University in 2004:

“The world must create a safe, orderly system to field civilian nuclear plants without adding to the danger of weapons proliferation.”

To ensure that the U.S. will influence and manage proliferation risks during the next expansion of nuclear energy around the world, it is imperative that the U.S. be the promoter, enabler, and the lead supplier of this growth.

The American Council on Global Nuclear Competitiveness was formed to alert policymakers and the public of the need to restore U.S. leadership in nuclear energy. The President took a bold step toward restoring this leadership earlier this year with the announcement of GNEP. We support the President’s vision for GNEP, which if properly implemented and accompanied by an American-led, transforming technology leap, could restore America’s preeminence in the nuclear enterprise. If GNEP is structured with an eye toward enhancing U.S. economic competitiveness, American industry could thrive.

The Council has been concerned, however, about our industry’s ability at present to participate fully in GNEP. So the Council is recruiting leadership from the business world – as well as from U.S. national laboratories and universities – to respond to the enormous opportunities that a resumption of U.S. nuclear energy leadership could create. U.S. manufacturing, technology, financial, and other interests should seize the opportunity and rally to ensure that the President’s vision is realized. And indeed, we are finding an encouraging number of U.S. companies interested in getting into the nuclear business or growing their nuclear portfolios. By restoring a robust nuclear industry, America can protect its environmental, economic, and national security interests and it can also reclaim leadership of the global nuclear energy industry, an industry created through American ingenuity more than fifty years ago.